BLUE RIBBON
COMMISSION ON
TRANSPORTATION

FINDINGS

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INTRODUCTION

Since the fall of 1998, the Blue Ribbon Commission on Transportation has worked to inform itself about, to examine, and to analyze some of the key transportation issues confronting our state over the next twenty years. This document is a summary of findings that will serve as the basis for potential improvements in the areas of administration, funding, and investment in the transportation system.

The Commission addressed sixteen main areas within the current system:

- **Transportation trends and overview**
- **Investment 'needs' that vastly exceed current funding levels**
- **Congested roadways in urban areas and other parts of the state**
- **Poor conditions of some streets, roads, highways, and bridges**
- **Uneven economic development throughout the state**
- **Governance**
- **Conflicts in land use and transportation planning**
- **Permitting**
- **Project delivery efficiencies**
- **Operation and maintenance efficiencies**
- **The transportation funding structure**
- **The distribution of gas tax to the state, cities and counties**
- **Local funding**
- **Non-traditional funding mechanisms**
- **Market mechanisms and user fees**
- **Public opinion on transportation funding**

Given the scale and scope of the transportation system and some of its problems, it is impossible to summarize all pertinent information. There are literally hundreds of relevant studies on each of the topics that could have bearing on potential reforms. Rather than providing a comprehensive review of relevant findings, this document highlights some of the most important observations and insights the Commission agrees should serve as a foundation for moving forward.

FINDINGS

Transportation Trends and Overview

1. In population and economic activity, factors which strongly influence transportation use, Washington is experiencing a period of accelerated growth, and can expect more growth in the coming decades.

Population — Washington is experiencing a period of sustained population growth, and its population is increasingly urban. Washington's population is projected to increase over 36% from 1997 to 2020. Over half of the growth is projected to be in the three counties of central Puget Sound.[1]

Economy — By 2020, projections show one million more participants in Washington's labor force than there are today. Growth in the labor force will average 1.3% annually. A larger workforce indicates that more people will be making the journey to work, adding to traffic, and increasing the demand for transportation solutions.[2]

2. Increased travel and traffic congestion on the state's roadways are some of the effects of population growth, economic growth, and low density land use patterns. The state's highway system has found it difficult to keep up with traffic growth and the demands placed upon it. Transit plays an important role in specific areas and times of day. Freight movement is an important part of the state's economy.

Congestion — In two measures of urban congestion, percent of urban lanes congested and traffic per lane, Washington ranks among the worst in the nation. Traffic congestion has grown worse, and more trips are being made by car than ever. There are no signs that peak demand periods will diminish; on the contrary, these periods are likely to expand throughout the workday.[3]

Highway System — Washington's 'centerline' miles of highway have remained constant at approximately 7,000 from the period 1980 to

[1] Puget Sound Regional Council, August 1999.

[2] WSDOT, Trends Analysis, March 1998.

[3] ibid.

1997, but approximately 500 lane miles were added to existing roadways since 1997 to increase capacity. The state's highway system is aging. However, according to WSDOT, the number of roadways rated 'good' increased from 7,200 lane miles to 11,610 lane miles from 1969 to 1997.[4]

Transit — Transit is essential to overall mobility in Washington state. Its importance is especially highlighted in urban areas, during commute periods, and among those who do not drive. For some of the state's largest employers, transit carries a large number[5] of commute trips along the most congested corridors, and also provides an important travel option. The ferry system provides a necessary link for peninsula and island communities.

Freight — Freight and goods movement are expected to play a larger role in metropolitan areas and in the agricultural industry. Port container cargo is expected to grow 167% from 1990 to 2015. Impacts will ensue to land-side traffic. Additionally, the globalization of markets will contribute to projected strong growth at major ports.[6]

Trip reduction programs — State and local governments, working with employers, have adopted a number of programs and policies that provide alternatives to driving alone in a car to get to work. These include telecommuting, van pools, and creating communities where people can walk to reach key services.

3. The high quality of life in Washington is based to a great extent on the value of our environment. Protecting our natural resources is essential to our future, and environmental issues will strongly influence the delivery and cost of transportation projects in the future.

Air pollution —Air quality in Washington is generally better than it was ten years ago. Carbon monoxide (CO) and Nitrogen oxide (NO_2) emissions, which contribute to ozone and smog, dropped between 1985 and 1995. Although cars are cleaner than ever, air quality improvements will likely continue to be offset by increasing amounts of driving. CO_2 emissions are projected to increase 1.3% annually through 2010. As driving increases, various regions of

[4] FHWA, 1996

[5] For employers with 100 or more employees, transit carries 47% of all commute trips into downtown Seattle. Source: Puget Sound Regional Council, *Baseline System Performance Report*, 1998. (Data is for the year 1995.)

[6] WSDOT, Trends Analysis, March 1998.

Washington state are in danger of becoming non-attainment areas under Federal air quality standards, thereby losing their eligibility to receive Federal transportation funds.[7]

Water quality — Our transportation system strongly affects storm water, drainage, and the proper functioning of wetlands. The Federal Clean Water Act as well as state and local laws and regulations, provide standards and safeguards to which construction projects must adhere.

Endangered species — With the listing of endangered and threatened species in virtually every section of Washington state, the transportation impacts are as yet unknown but could be major. Development and construction projects will require closer scrutiny if they are located near or have an impact on the habitat of an endangered species.

4. Despite a 75% increase in vehicle miles traveled in the last twenty years within Washington, annual traffic *fatalities* have dropped by 23%. Annual traffic *injuries* have increased 26% in the last twenty years, but have grown at only one third the rate of increase in vehicle miles traveled. While the risk of accidents while driving has fallen, the losses due to accidents remain substantial.

Traffic fatalities — Washington currently experiences 1.32 traffic deaths per million miles traveled, compared to a national average of 1.6. Reductions in fatalities are principally the result of increased seat belt use and reduced drunken driving. [8]

Traffic injuries — Approximately 85,000 people were injured in automobile accidents in Washington in 1996, which generated economic losses due to injury, death, and damage of $2.054 billion. [9]

Structural integrity of roads and bridges — In the event of an earthquake, highways and roads are not expected to experience significant seismic damage. However, many bridges are inadequately

[7] ibid.

[8] Washington Traffic Safety Commission, *1997 Fatal Traffic Collisions in Washington State,* July 1999. Traffic fatalities account for more than 90% of transportation-related fatalities. Despite declines in fatalities, deaths and injuries from motor vehicle crashes are still the national leading cause of death for persons five to 29 years old. (U.S. Department of Transportation, *Traffic Safety Facts 1998*, National Highway Traffic Safety Administration, DOT HS 808 956, 1998.)

[9] Washington Traffic Safety Commission, *1996 Traffic Collisions in Washington State: Data Summary and Highway Safety Problem Analysis,* September 1997. Economic loss is in 1996 constant dollars.

prepared for earthquakes due to incomplete seismic retrofit programs. Washington state has had a seismic retrofit program since 1991; remaining state seismic repairs are estimated to cost $220 million. A state program is in place to complete the retrofits by 2015.[10] However, city and county bridges are not included in the state program, and city and county retrofit programs are generally under-funded.

Flooding – Flooding can compromise the structural integrity of roads and bridges. Funding limitations sometimes prevent transportation agencies from completing necessary flood preparations.

5. The state's surface transportation system is a remarkably large and diverse system that represents a significant part of the state economy.

Government spends over $3.7 billion annually providing roads, ferries, transit services, and port facilities; households and businesses spend approximately another $11 billion.[11] All told, transportation spending represents approximately 10% of the total economic activity in the state. Our transportation system influences almost every facet of life in Washington, including how we spend our time, where we live and work, the productivity of our economy, our personal safety, and the quality of our natural environment.

6. The roads, streets, bridges, and highways in Washington represent public assets worth over $100 billion that require regular maintenance and rehabilitation to provide cost-effective transportation services.

The state's entire system including port facilities, ferries, and transit properties represent valuable assets that require regular maintenance.

7. The state's road network is an interconnected series of national and international travel routes on which jurisdictional boundaries are invisible to the traveling public.

Yet transportation funding is organized into numerous categories characterized by a high degree of fund dedication and restriction.

[10] Personal communication with the Washington State Department of Transportation's Bridge Engineering Department. The program does not include the Alaskan Way Viaduct in Seattle, which is estimated to cost more than $350 million to retrofit for a 7.5 magnitude earthquake.

[11] Total transportation spending estimate from documents provided by Washington State Department of Transportation and Washington Transportation Alliance. See BRCT paper *Overview of Transportation Funding System in Washington*. Cost of private transportation from *Washington's Transportation Plan 1997-2016*, Washington State Department of Transportation, April 1996.

'Needs' Exceed Funding

8. The most recent state transportation plan estimates that, taken together, all levels of government in Washington have over $50 billion in unfunded needs/requests over the next twenty years.

The current update of the state transportation plan will likely show even higher levels of 'needed' investments in streets, roads, highways, transit, ferries, and freight mobility.

9. Current estimates of transportation needs/requests are subjective and not consistent across jurisdictions.

Different jurisdictions do not share common definitions of needs and service objectives. According to presentations made to the committee, analytic tools for measuring costs and benefits are not used consistently and few 'needs' have been subject to rigorous analysis of their cost-effectiveness.

10. State and local governments do not use all of the best tools available for identifying the most cost-effective investments.

WSDOT uses benefit-cost techniques to set priorities for highway investments but not for other modes, such as transit and ferries, or to programs that influence travel demand. Other levels of government use a wide variety of procedures when evaluating transportation projects.

11. Dedicated funding makes it difficult to optimize transportation investments across modes; each mode "gets its share," regardless of cost-effectiveness.

The consolidation of funding sources at the federal level under Intermodal Surface Transportation Efficiency Act (ISTEA) of 1991 and Transportation Efficiency Act for the 21st Century (TEA-21) of 1998 have enabled greater flexibility and efficiency in the use of transportation dollars. At the state level, opportunities exist to consolidate funding sources and improve flexibility.

Congestion

12. In Washington state, traffic congestion wastes time and resources worth over $2 billion dollars each year.[12]

Time lost to congestion delays has increased steadily throughout the 1980s and 1990s, especially in the Puget Sound region. Washington residents waste 130 million hours[13] each year in congestion-related delays. Congestion diminishes the quality of life in our large urban areas and limits opportunities for economic growth. By impeding the movement of freight to market, congestion raises the costs for producers and consumers throughout the state.

13. Congestion increases vehicle emissions per mile traveled and worsens air quality.

Vehicles stuck in traffic consume more fuel and cause more pollution than those moving at normal speeds. Solutions to the problem of congestion must address related environmental and air quality issues.

14. Congestion is a result of many factors, including growing population, increased intensity of vehicle use by the average person, a failure to provide an appropriate balance between building more roads or significantly expanding transit use and trip reduction programs, and a failure to require drivers to pay the costs they generate when choosing to drive on congested roads.

15. While policy makers generally agree we have too much traffic, they have not reached consensus on what constitutes an inappropriate level of congestion.

Many argue that some congestion is probably a good thing, as it means that we have vital urban areas and make regular use of the large public investments in roads. Roads that never operate near their capacity represent under-utilized capital resources. Some believe measures of transportation system such as such as access, mobility, or choice deserve greater emphasis than congestion

[12] Texas Transportation Institute, 1998.

[13] Texas Transportation Institute, 1998.

16. Most regions in North America, including those in Washington, have attempted to address their congestion problems by adopting a multi-faceted approach.

Regions differ in their relative emphasis on:

- Adding more road and ferry capacity
- Adding more bus and rail transit capacity and service
- Encouraging transportation demand management programs
- Adopting land-use planning to limit sprawl
- Taking steps towards market-based pricing of road capacity in congested corridors
- Non-motorized transportation
- Freight rail.

17. Park and ride lots encourage carpooling and transit use; many lots in congested corridors are currently full. The success of park and ride lots depends on the frequency of transit service, the travel time and cost advantage to transit and carpool users, and the safety of the park and ride lot, including adequate lighting.

Maintenance and Preservation of Transportation Facilities

18. Currently, while most state highways are generally in good condition, many bridges, urban arterials, county roads, and city streets are not.

In the state of Washington, the total annual cost to drivers for poorly maintained roads is $156 million. This implies an average cost per vehicle of $542 over the life of the car.

19. Pavement management systems and road maintenance that focus on lowest life cycle costs can save money for governments and road users.

Keeping roads properly maintained is cheaper over the long run for governments and motorists.

20. Utility cuts on roads and streets contribute to premature wear and tear.

Improved management of utility cuts can reduce the frequency of traffic disruption and slow the deterioration of streets and roads.

21. Heavy vehicles, studded tires, and weather contribute significantly to wear and tear on the roads.

Roads are built to different standards depending on their intended use. Trucks impose a heavier cost on local roads than on state highways because local roads are less likely to be designed for heavy loads. Weather also plays a role in the deterioration of pavements across the state.

22. The other elements of Washington's public transportation system such as ferries, waterways, ports, bus and rail transit also require adequate maintenance.

Using Transportation Investments to Promote Economic Development

23. Washington state as a whole has enjoyed robust economic growth in recent decades, but not all regions of the state have shared equally in that prosperity.

While many areas enjoy vibrant economies with rapid growth in personal incomes and low unemployment, the economies of other areas remain sluggish. In fact, in many rural counties across the state, unemployment rates have hovered in the double digits for years.

24. Because of Washington state's importance as a freight link to the rest of the world, increasing congestion in urban areas poses a threat to the economic well being of the entire state.

Improving our ability to move products through urban areas to the rest of the world could improve the economic position of the entire state.

25. Eliminating barge traffic from the lower Snake River will shift traffic onto state highways, county roads, and city streets, and major infrastructure investments will be required.

Studies are now underway to determine the feasibility of breaching four dams on the lower Snake River in an effort to restore sockeye salmon habitat. Total state transportation cost impacts of the proposed drawdowns could total $132 million to $406 million.[14]

26. Adequate transportation infrastructure is a necessary but not sufficient condition for economic growth.

In general, the best investment rule for transportation investments is to focus on transportation benefits rather than potential changes in economic development.

Governance

27. More than 468 governmental entities have authority for transportation planning, funding, management, and construction in Washington state.

The governments include the state, cities, counties, tribes, ports, transit agencies, the federal government, and regional transportation planning organizations. Although these governments have created a comprehensive transportation system for the state, it is difficult for those not actively involved in transportation to understand Washington's transportation structure and who is accountable.

28. Transportation governance seems to work best when authority for planning, funding, and implementing projects rests with a given body.

This is the case when a local city or county has cradle-to-grave responsibility for a local street improvement, for example. In many cities and counties across the state, the present delineation of responsibility for planning and implementing projects seems to be appropriate and work well, although the ability to fund the desired projects is often missing.

[14] Washington State Legislative Transportation Committee, *Lower Snake River Drawdown Study, Summary of Transportation Impacts, Technical Memoranda 4 and 6,* February, 1999. Figures are for state highway and rail facilities, and do not include cost impacts for city streets and county roads.

29. In some areas of Washington state, the complexity of the structure and the many players involved suggest the value of examining structures that might improve and simplify the process.

When there are multiple jurisdictions and transportation modes involved, and when corridors pass through many jurisdictions with different investment priorities, the requirements for coordination go up geometrically. In these areas, different governance structures are worth considering.

30. When a lack of agreement on priorities occurs among adjacent jurisdictions, this results in lack of effective coordination.

Despite numerous partnerships and voluntary project collaborations among jurisdictions, transportation investments are often not planned as a cohesive, integrated system.

31. In considering any adjustments to the current structure, it is worthwhile to examine regional transportation planning organizations (RTPOs); roadway hierarchy and responsibility; and models from other jurisdictions.

RTPOs have improved planning and coordination among jurisdictions but lack decision making, funding, and implementing authority, which rests with member jurisdictions or with the state;

The Washington Legislature's recent effort to identify roadways of regional, state, and local significance offers promise in delineating which level of government is responsible for what part of the system;

Other models, including from jurisdictions outside the state, should be examined to determine how they might fit in particular regions of Washington state.

There is a need to integrate transit and trip reduction strategies into planning, funding, and implementation processes.

Land Use and Transportation

32. While the state's Growth Management Act (GMA) has improved the coordination of land use and transportation, opportunities remain to strengthen the linkage to achieve land use goals.

Despite the GMA's requirements for concurrency, public transportation infrastructure is often inadequate to support the transportation demands from development.

33. Other large metropolitan areas have created regional governments designed to better coordinate and enforce land use and transportation plans.

Their ability to direct funding into transportation projects that support regional land-use goals has improved the integration of land use and transportation. Portland, Oregon's Metro is often cited as model of a regional government with authority to integrate land-use and transportation plans. TransLink in Vancouver B.C., recently brought several diverse agencies providing transportation services under the control of one regional government.

34. New development over the last fifty years has tended towards low-density suburbs with a heavy reliance on autos.

These areas are often not designed to accommodate pedestrians and are uneconomical to serve with transit. Zoning requirements in suburban areas may create barriers that limit development of more compact, pedestrian oriented development.

35. Recent demographic changes indicate increased demand for more compact developments that require less auto-oriented transportation systems.

An emerging movement known as 'smart growth' uses incentives to promote higher densities with a mix of land uses; revitalizing cities and older suburbs with new growth; and protecting open space, farms, and sensitive environments. These communities rely less on automobiles for transportation and more on walking, biking, and transit.

36. Federal TEA-21 encourages considering land use alternatives when conducting corridor studies, but such analyses are currently rare. WSDOT could work with local governments to incorporate land use alternatives as standard practice when conducting corridor studies.

Permitting

37. Permitting requirements are too complex.

Laws passed to address a range of environmental problems, provide for citizen involvement in decision making, and manage growth and land use have created a complex array of separate federal, state, and local permitting requirements. These requirements can strain permitting agency resources and lead to increased costs and delays for transportation projects.

38. WSDOT's efforts to reform the planning and permitting process tend to take steps to meet the desirable objectives of: reducing permitting costs, shortening the time for the permitting process, lessening environmental impacts through better decision making, and helping make decisions that stick.

WSDOT's efforts recognize the fundamental importance of environmental quality to our state. The reforms include the SR104 pilot effort, designed to achieve buy-in by stakeholders at an earlier stage in the decision making, and the development of programmatic permitting and a more holistic, watershed-based strategy for environmental mitigation, rather than a project-by-project approach. Unless steps are taken to simplify the substantive and procedural complexity of the permit process, however, these incremental adjustments will not go far enough.

39. The foundation exists for a thorough reform of the permitting process on the state and local level.

The Washington Legislature's efforts over the past decade to streamline the permit process, together with recommendations from the Legislative Transportation Committee's *Environmental Cost Savings and Permit Coordination Study*, the Land Use Study Commission, and other studies, could be used as the foundation for more thorough permit reform. A similar review at the federal level could also be useful.

Project Delivery Efficiencies

40. Transportation project delivery is increasingly time-consuming and expensive.

Difficulties in permitting and decision making, coupled with the long time frame associated with the conventional design-bid-build process on transportation construction projects, have led many states, including Washington, to seek project delivery efficiencies.

41. Some project delivery efficiencies can take place within the traditional design-bid-build framework.

Examples include enhanced team planning and commitment, work schedule acceleration, and working on transportation projects at night. The completion of the Interstate 5 South DuPont Interchange within 26 rather than 48 months included such efforts and contains lessons that can be applied to future projects. The DuPont project was privately funded, however, and key to its success was the willingness of the private sector to take risks that allowed WSDOT to alter its standard process for managing publicly funded transportation projects.

42. The traditional transportation delivery process does not reward innovation.

The standard process used by WSDOT and other public agencies avoids risk and concentrates on completing one task at a time, to try to ensure that no mistakes are made and revisions are avoided. Innovation often requires risk-taking, however. For example, proceeding with several phases of a transportation project concurrently, which can shorten the time frame considerably, may mean some processes have to be redone or revised. In the private sector, the benefit of taking risks is the associated reward when the risks prove successful. Some way of managing the risk when public dollars are involved needs to be found, to take full advantage of proven ways to make transportation project delivery more efficient.

43. The two-year transportation budget cycle hinders project delivery.

When transportation projects are authorized with two-year increments in funding, whether a project can continue depends on the

next budget cycle. This stop-and-go approach adds time, expense, and uncertainty to project delivery.

44. Alternative project delivery (APD), which represents changes from the conventional way transportation projects have been designed, constructed, and financed, has demonstrated project delivery efficiencies in other jurisdictions.

APD mechanisms include design-build, design-build-operate, and design-build-own-operate. Design-build, hiring a single entity for project design and construction, shows significant time savings, in the range of 35 percent faster delivery.

45. The Washington State Legislature has been innovative in authorizing APD, but public opposition has led to retrenchment.

Although Washington State has laws on public contracting that require the traditional design-bid-build approach, the Legislature has authorized APD in recent years. Under 1998 legislation authorizing design-build transportation pilots, WSDOT has begun two projects. Legislation in 1993 authorizing public-private initiatives (PPI) to finance transportation improvements has encountered public opposition, however, and subsequent legislation imposing additional requirements on potential projects, including an advisory election, has undermined the efficacy of the original law. The only PPI project moving forward is the SR-16 project over the Tacoma Narrows. Examination of the SR-16 project and the two design-build pilots, as well as APD in other states, will help determine the value of project delivery efficiencies to Washington state.

Operation and Maintenance Efficiencies

46. Governments are using a variety of strategies to achieve greater efficiencies in operation and maintenance.

Given that the total annual transportation investment in operation and maintenance is greater than $1 billion in Washington State and that significant savings have been found across the country, careful examination of potential efficiencies is warranted.

47. Cost and service improvements can be achieved though workplace re-engineering.

Such changes include forming project teams, goal-setting, and encouraging employees, especially those on the front line, to generate ideas for reforms and innovative approaches. The quality improvement teams formed at WSDOT are one example.

48. Managed competition represents one possible way to unleash creative ideas from the workforce and lead to improvements.

Under managed competition, private sector bids are sought for a service and then compared to a bid prepared by the public staff that currently performs the service, with the possibility of the award going to either the public or private sector. Pilot programs in managed competition for highway maintenance elsewhere have found service improvements and cost savings, with public employees often winning the bid.

49. Managed competition of public services has proven most successful when attention is given to these issues: (a) the availability of adequate financial and performance data; (b) the importance of a level playing field, including clear ground rules on cost comparison methodology agreed to by labor and management; and (c) the presence of a 'safety net' if changes or reductions of positions result.

Mediated negotiations between labor and management can help achieve the full potential of managed competition.

50. Authorizing legislation would be needed for managed competition in Washington.

State agencies are prohibited from contracting with a private contractor for work traditionally performed by civil service employees. A 1998 audit by the Joint Legislative Audit and Review Committee recommended legislation authorizing a pilot program for highway maintenance and estimated costs savings of 10 percent or more, as well as improved service levels.

51. Establishing performance goals for efficiencies in transportation agencies can lead to reduced costs and enhanced service, as long as the goals are measurable and are used for continuous improvement.

Effective financial accounting systems are essential to understand and assess the costs of agency operations. Lack of access to comparative metrics that accurately measure the cost and quality of services impedes tracking of performance and comparison of alternative ways to deliver projects and services.

The Transportation Funding Structure

52. Gas tax revenues do not keep pace with inflation.

In recent years, gas tax revenues have increased at only 2% annually, despite the fact that vehicle miles traveled have increased and the proportion of vehicles with higher fuel consumption (pickup trucks and sport utility vehicles) has increased. Simultaneously, the cost of preserving and building highways has gone up much faster due to increasing land costs, new environmental requirements and stricter design standards.

53. A high degree of fund dedication has created many restrictions on how transportation funds can be used and a system that is not very flexible or responsive to changing conditions.

The current transportation funding framework organizes funds into numerous categories that are dedicated to specific purposes. Funds are currently dedicated by the main organizing principles of jurisdiction, transportation mode and program. This structure has served the state's goals well in the past.

Of the $3.7 billion spent annually on transportation, 25% goes to state highways and bridges, 17% goes to county roads, 15% goes to city streets and 23% goes to public transit.[15] The remainder is spent on other modes such as ferries and rail, on licensing and traffic enforcement and on administration and general government. Fund sources include federal, state and local taxes including the gas tax, the motor vehicle excise tax, sales tax, property tax, licenses and fees, and farebox revenues.

[15] Total transportation spending estimate from documents provided by Washington State Department of Transportation and Washington Transportation Alliance. See BRCT paper *Overview of Transportation Funding System in Washington*.

54. The existing funding framework is based on historical conditions that were once appropriate, but may not reflect the needs of the system in the future.

Once in place, fund distributions become an essential part of a jurisdiction's budget and are difficult to change even when conditions change and the mechanisms have outlived their original intent. For example, fully 45% of the state's transportation funds are statutorily dedicated before the budget process even begins. Distributions are not regularly evaluated to determine if they still meet the needs of the state's transportation system.

55. An insufficient level of funding in the transportation system has led to the layering of narrow categories, to program restrictions and to jurisdictional and modal competition for funds.

56. The combination of insufficient funding, restrictive categories and differing priorities limits the transportation system's ability to use available funds in the most efficient ways or in the highest priority areas of need.

Current transportation funding is frequently based upon historical conditions, and does not always reflect shifts in the population base or changing priorities.

57. Federal funding, at about 13% of total state transportation spending, is an important part of the overall funding structure.

Federal guidelines have encouraged broad, flexible funding categories and promoted trip reduction and multimodal partnerships as well as capacity expansion in congested areas. Federal law, by requiring regional planning, has also encouraged jurisdictions and modes to increase their cooperation with each other on a wide range of projects.

58. Different fund sources have differing restrictions and track the economy in different ways, resulting in inequities in access to funds among levels of government and modes.

While inflation has increased 3.4% per year in recent years, gas tax revenues have increased 2% per year, motor vehicle excise tax revenues have increased 7.9% per year, property tax revenues 6.8% per year, and sales tax revenues 5.3% per year. Gas taxes are constitutionally restricted to highway and ferry purposes; MVET is widely

dedicated to for ferries, transit and rail; property taxes are dedicated county roads; and sales taxes are used primarily for transit and city streets.

59. Selective changes to the current funding system could improve the flexibility, equity and accountability of transportation funding.

Some federal and state funding programs have created new models that overcome some of the existing limitations. They include investment principles and incentives to fund projects that are multi-modal and multi-jurisdictional, resulting in enhanced partnerships, more coordinated planning, and better regional priority-setting. While government at all levels has done a good job of leveraging partnerships and working within the categorical restrictions, increasing flexibility in funding could lead to improved outcomes in transportation programming.

The Distribution of State Gas Tax to the State, Cities and Counties

60. The state gas tax is the only dedicated statewide transportation source that is available to the entire roadway system at all levels. While gas tax revenues may, under Washington's Constitution, be used for highways, bridges and ferries, they may not be used for transit or rail services.

The state gas tax is currently set at 23 cents per gallon. For every one cent of gas tax, about $33 million is generated per year in revenues. The state, counties and cities rely on the gas tax for a significant portion of their transportation budgets. Because it is dedicated, the gas tax does not compete with general government programs.

61. Gas tax levels allocated to the state, to cities and to counties do not reflect actual roadway responsibilities.

The state, cities and counties have different levels of roadway responsibility. While the state has just 16% of the road miles, state highways carry 57% of the traffic. Counties, on the other hand, have responsibility for 53% of road miles, but only 18% of the state's traffic. Cities own 31% of road miles and carry 25% of all traffic. The level of gas taxes allocated to the state, counties and cities is not regularly evaluated to determine if factors such as capacity, utiliza-

tion or road conditions are changing and if funding levels are still meeting the needs of the system.

62. Gas tax levels allocated to special purpose programs are not based on objective measures of need such as miles of roadway or utilization.

There are four major special purpose programs that received dedicated gas tax allocations totaling almost 18% of the state's gas tax funds. These programs significantly supplement the monies distributed to cities and counties. However, the amounts dedicated to each program do not reflect eligible road miles, road capacity or road conditions.

63. Gas tax allocation levels do not reflect changing demographics and have not kept pace with changing system needs.

Formerly rural roads have in many places become significant regional arterials carrying large numbers of urbanizing commuters. The state's population has been shifting from unincorporated areas to cities. Yet these patterns of growth and change are not well reflected in gas tax distributions.

64. The per capita gas tax distribution to cities appears to penalize cities.

Statutes mandate that a fixed amount of gas tax is allocated to cities and funds are distributed on a per capita basis. As new cities have become incorporated, the amount available to cities has remained fixed, leading to a decrease in funding per capita. As rapidly growing parts of the state respond to the Growth Management Act by continuing to incorporate, this problem is exacerbated.

Local Transportation Funding

65. The three levels of government are treated differently with respect to their access to dedicated transportation sources and their need to fund transportation out of their general funds.

The state has a separate transportation budget that does not compete with general government for funding. Transportation is funded largely by dedicated fund sources. Counties have a dedicated property tax road levy and additionally rely on dedicated gas taxes for

about one-third of their transportation revenues. Cities are able to rely on the dedicated gas tax for only 17% of their transportation budgets and must allocate significant transportation funding through competition with other city functions including police, fire, parks and human services.

66. Cities and counties are unable to fully meet even basic maintenance and preservation needs.

Cities and counties have inadequate local revenue authority for transportation, as the most widely used local sources, the sales tax and the property tax, are statutorily capped.

Existing local option transportation taxes have proven difficult to implement and have not been widely used.

Local governments subject to the Growth Management Act often must use available transportation dollars to meet concurrency requirements related to growth. This is a worthwhile use of funds, but sometimes constrains their ability to fund the needs of existing infrastructure.

Non-Traditional Funding Mechanisms

67. Non-traditional funding mechanisms exist that can leverage the capital and development techniques of the private sector for public purposes.

Sometimes non-traditional funding strategies can considerably speed the implementation of locally desirable projects and thus reduce their costs. They can provide benefits such as new funding streams, localized project benefits within a defined area, and direct payment by those who enjoy the benefits.

68. Funding mechanisms such as the local improvement district (LID), road improvement district (RID), and the transportation benefit district (TBD) are not widely used because implementation costs, restrictive statutes and public opposition have limited their usefulness.

The LID, RID and TBD are all property tax mechanisms and, as property values have risen, have become increasingly unpopular with property owners and elected officials.

69. While tax increment financing is widely used throughout the country, including use for transportation infrastructure, and remains in statute in Washington, it is considered to violate the Washington State Constitution and is therefore unusable in its current form.

Three attempts have been made in the last twenty years to loosen restrictions on the use of tax increment financing by asking the state's voters to amend the Constitution. All three attempts failed.

Market Mechanisms and User Fees

70. There is a lack of balance between our physical infrastructure needs and available financial capacity, resulting in a classic market imbalance.

Market pricing mechanisms such as fuel fees, parking charges and road pricing are tools that could be effective in redressing this imbalance.

71. Market-oriented transportation programs have helped close the funding gap in other congested parts of the country.

Programs that charge transportation users the costs of using a particular road or bridge can influence the demand for travel and increase the supply of transportation capacity.

72. There is anecdotal evidence of public support for user fees as a concept, yet specific pricing or parking fee proposals in Washington have met with strong opposition from affected communities and businesses.

A number of parking cash-out efforts by King County employers have been tried and considered a success.

73. Careful use of market mechanisms could reduce demand for transportation capacity while generating significant new revenues that could be used to add capacity or develop alternative solutions to congestion.

Mileage-based fees are an example of a mechanism that could provide a strong link between the amount paid and use of the roadway system.

Public Opinion on Transportation Funding

74. Many members of the public are confused about transportation funding generally and are skeptical that there are large unfunded needs.

Some members of the public believe that existing money is not being spent wisely by government.

75. Public opinion generally supports transportation investments directed toward the basics: maintaining the existing infrastructure, reducing accidents, relieving congestion and improving air quality.

76. Polling suggests that a majority of the state's voters believe spending needs to be increased over the next five years to maintain and improve the state's transportation system.

Voters are most likely to support increased taxes if they believe it will result in improvements to the transportation system, most specifically reducing congestion.

77. No specific tax option is supported by a majority of the voters, but gasoline taxes are considered more acceptable than other options.

POSTSCRIPT TO FINDINGS

Regarding Initiative 695

At the time these findings were under development by the Blue Ribbon Commission on Transportation, Initiative 695 was placed before the voters for consideration. Initiative 695 was approved by the voters in November, 1999 and went into effect January 1, 2000.

The initiative abolished the motor vehicle excise tax (MVET) and replaced it with a $30 license fee. The abolished MVET generated approximately $750 million per year in transportation funds and was largely dedicated to public transit districts throughout the state, to the state's ferry system and rail programs, funding for air quality and recently, to a significant road building and freight mobility program authorized by voters as Referendum 49. The loss of MVET funds dedicated to these purposes creates a structural gap, as the other major remaining transportation revenue source, the gas tax, is dedicated by the state's Constitution to highway purposes.

There is debate about the effects of the initiative and there are legal actions pending regarding its constitutionality.

The Blue Ribbon Commission's final report and recommendations to the Governor and Legislature to be issued by December 1, 2000 will address the long-term effects of the MVET revenue losses on the state's transportation system and the necessity of gaining public approval of new revenue measures.